

EXHIBIT 2

(6) Deposition of Al-Thani, Sheikh Faisal

6/4/2008

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

CERTIFIED COPY

ROOTS READY MADE GARMENTS CO.
W.L.L.,

Plaintiff,

vs.

No. C 07-03363 CRB

THE GAP, INC., a/k/a, GAP, INC.,
GAP INTERNATIONAL SALES, INC.,
BANANA REPUBLIC, LLC, AND OLD
NAVY, LLC,

Defendants.

30(b)(6) DEPOSITION OF ROOTS READY MADE GARMENTS CO.

DEPONENT: SHEIKH FAISAL AHMED AL-THANI

Wednesday, June 4, 2008

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1 become a franchisee?

2 THE INTERPRETER: The answer is "in Dubai"
3 without interpretation.

4 BY MS. DURIE:

5 Q. Okay. You say the promise was made in
6 Dubai; is that right?

7 A. Yes.

8 Q. When was the promise made?

9 A. I don't remember the exact month but maybe
10 the end of 2004 or the beginning of 2005.

11 Q. Who made that promise?

12 A. Ron Young.

13 Q. Okay. Is it your testimony that this
14 promise was made once or more than one time?

15 A. I don't remember if this was more than
16 once, but it took a long discussion in the same
17 time.

18 Q. Okay. Who was present for this long
19 discussion?

20 A. I don't remember. But he and I were
21 walking together.

22 Q. Do you remember whether anyone else was
23 walking with you?

24 A. There were other people, but I want to
25 remember who was there. I remember Naser Beheiry,

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1 who used to be the president of Roots. (In English)

2 He was with us at the time.

3 Q. Other than yourself, Mr. Young and Nasser
4 Beheiry --

5 A. (In English) And Kifah Ballawi.

6 Q. -- and Kifah Ballawi, was anyone else
7 present for this discussion about Gap agreeing to
8 make Roots a franchisee in the future?

9 A. I don't remember.

10 Q. You said that you were walking during this
11 conversation. Where were you walking?

12 A. He was doing a survey for the store in
13 Dubai. He was very impressed with the numbers. He
14 said, "If your ISP is successful, then the Gap store
15 will be more successful." That's when -- that's
16 when the subject of promising started.

17 Q. Where were you during this discussion?

18 A. He was returning from the stores and I met
19 with him. We went, he and I, to Qatar from Dubai.
20 We went to the airport. We took the plane.

21 Q. Okay. Do you remember whether this
22 conversation took place on the plane, on the way to
23 the plane or somewhere else?

24 A. It was an extended discussion on the way
25 to the airport, on the plane, leaving -- after

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1 is that he did recite some specific words in the
2 last question. You can ask him if he -- if there
3 was anything more. But I think it mischaracterizes
4 the testimony.

5 THE WITNESS: It was a lengthy discussion.
6 When he start talking about the subject, he offered
7 it to me. And I ask him, would we -- will we be the
8 franchisee? He said yes.

9 BY MS. DURIE:

10 Q. When you say he offered it, do you
11 remember exactly what he said?

12 A. At that time, there was no franchise. He
13 talked about the idea of establishing franchise, and
14 he said he will start the procedures to accomplish
15 that because of our success with the ISP. I ask
16 him, will we obtain the franchise rights? He said
17 yes.

18 Q. Is there any way that you can place this
19 conversation more specifically in time relative to
20 any other events?

21 A. I don't understand.

22 Q. Okay. You said the conversation took
23 place in either late 2004 or early 2005. Is there
24 anything that you could look at or anyone that you
25 could talk to that would help you be able to be more

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1 MS. DURIE: Roots.

2 MR. HANEY: Okay. Anybody at Roots or
3 representing ISP.

4 THE WITNESS: I'm not sure about anyone.

5 THE INTERPRETER: The answer is, without
6 interpretation, "I'm not sure about anyone."

7 BY MS. DURIE:

8 Q. Did you personally have any discussions
9 with Ron Young about franchise rights other than the
10 one conversation we discussed in late 2004 or early
11 2005 before Roots filed the lawsuit?

12 A. It happened about -- I don't remember
13 exactly, maybe nine months, a year before filing the
14 suit.

15 Q. Is this a different conversation from the
16 conversation that we've described -- that we've
17 discussed in late 2004 or early 2005?

18 A. Yes, it's different, but it -- what is
19 connected to it is discussing the subject.

20 Q. Okay. Do you have any more specific
21 recollection of when in time the second conversation
22 took place?

23 MR. HANEY: More specific than nine months
24 before the lawsuit?

25 MS. DURIE: Nine months to a year before

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1 the lawsuit.

2 THE WITNESS: I don't remember. Maybe
3 approximately a year.

4 BY MS. DURIE:

5 Q. Do you remember whether your second
6 conversation with Mr. Young took place before or
7 after Gabana had sued Gap?

8 A. Gabana filed the suit during that period.
9 At the beginning, I think.

10 Q. Okay. So your -- it's your testimony that
11 your second conversation with Mr. Young about
12 franchise rights took place around the same time
13 that Gabana sued Gap; is that right?

14 MR. HANEY: Objection as to form and
15 foundation.

16 THE WITNESS: What I understood from the
17 question is that we discussed the franchise subject.

18 BY MS. DURIE:

19 Q. Okay. Where did this second conversation
20 take place?

21 A. By phone.

22 Q. Was anyone on the phone other than
23 yourself and Mr. Young?

24 A. No. But I contacted Gap's number.

25 Q. Okay. So you called Mr. Young; is that

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1 not. I didn't ask them.

2 Q. Okay. Were they physically present?

3 A. They were together with us. They traveled
4 with us.

5 Q. Okay. During any of your discussions with
6 Mr. Young about a possible franchise arrangement,
7 did you ever discuss a franchise fee?

8 A. I don't understand what you mean by "fee."

9 Q. Did you ever discuss whether Roots would
10 have to pay a franchise fee in order to get the
11 franchise rights?

12 A. Roots has already paid a lot of money to
13 bring Gap to the region, basically.

14 Q. Okay. That's not my question.

15 My question is: Did you and Mr. Young
16 ever talk about whether Roots would be required to
17 pay a franchise fee in order to get franchise
18 rights?

19 A. No, I didn't discuss it.

20 Q. Okay. Did you ever discuss with Mr. Young
21 how many stores Roots would be required to open as a
22 franchisee in any particular region?

23 A. I think there was a person in charge.
24 Ashraf Abu Issa was discussing this subject.

25 Q. Okay. Did you ever have any discussions

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1 with Mr. Young about how many stores Roots would be
2 required to open as a franchisee?

3 A. We discussed in general, but I don't
4 remember now the numbers of franchisees.

5 Q. Okay. Did you actually discuss a
6 particular number of stores with Mr. Young?

7 A. No. He was telling us, based on
8 assumption that we were successful with the ISPs,
9 that we would be successful with the franchise.

10 Q. Okay. So you did not have any discussions
11 with Mr. Young about the number of stores that Roots
12 would be required to open as a franchisee; is that
13 right?

14 MR. HANEY: Again, "you" meaning
15 Mr. Al-Thani?

16 MS. DURIE: Correct. Yes.

17 THE WITNESS: (In English) Myself?

18 MS. DURIE: Yes.

19 THE WITNESS: The answer, without
20 interpretation, "We were discussing that in general
21 terms."

22 BY MS. DURIE:

23 Q. Okay. So what was the discussion about
24 the number of stores?

25 A. We were talking in general terms.

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1 Q. Okay. Did you have a discussion about the
2 number of stores that Roots would be required to
3 open as a Gap franchisee?

4 A. We knew that we would obtain it, so there
5 was no need to discuss the numbers because we knew
6 that we would fulfill all the requirements because
7 we have always answered the requests.

8 Q. Did you --

9 MR. HANEY: Mr. Al-Thani, try to listen to
10 her exact question, which was: Did you discuss the
11 number of stores or not? And you can answer that
12 yes or no.

13 THE WITNESS: No, we didn't discuss exact
14 numbers.

15 BY MS. DURIE:

16 Q. Did you discuss where any particular
17 franchise stores would be located?

18 A. Personally?

19 Q. Yes.

20 A. No.

21 Q. Did you discuss any of the financial
22 arrangements of a potential franchise business?

23 A. I personally don't interfere with this
24 subject unless we're talking general terms.

25 Q. Do you have a recollection of any

1 discussion that you had with Mr. Young about the
2 financial terms of a franchise arrangement?

3 A. No.

4 Q. Would it be fair to characterize the
5 comment that Mr. Young made to you as being along
6 the lines of, "If everything goes well with the ISP
7 program, then I would expect Roots to become our
8 franchisee if we move to a franchise model"?

9 MR. HANEY: Objection as to form and
10 mischaracterizes the testimony.

11 THE WITNESS: What are you inquiring now?

12 BY MS. DURIE:

13 Q. Okay. My question is: Is your memory of
14 this conversation with Mr. Young consistent with him
15 having said, basically, "If everything goes well
16 with the ISP business and if Roots performs well,
17 then we would expect that Roots would become our
18 franchisee if we move to a franchise model"?

19 MR. HANEY: Objection as to form and
20 mischaracterizes the prior testimony.

21 THE WITNESS: He was basically happy with
22 the success of ISP, and that's when the idea of
23 franchisee was created.

24 BY MS. DURIE:

25 Q. Okay. But was what Mr. Young said to you

1 agreement?

2 MR. HANEY: Objection. Argumentative and
3 asked and answered.

4 THE WITNESS: The ISP agreement is
5 complementary to the franchise because we agreed
6 with them. We paid money, and the business did not
7 complete because the franchise entered as a
8 substitute, as a development for it.

9 BY MS. DURIE:

10 Q. Okay. My question -- that's not the
11 answer to my question.

12 So Roots was required to do certain things
13 under the ISP agreement; right?

14 MR. HANEY: Object to the preamble to the
15 question because I think it may have been the answer
16 to your question. He may not have understood it.

17 But you can answer the substance of the
18 question, but I object to the preamble.

19 THE WITNESS: What is the question?

20 BY MS. DURIE:

21 Q. The question is: Roots was required to do
22 certain things under the ISP agreement; right?

23 A. And it was done.

24 Q. Okay. And did Roots do anything extra
25 because of the statement that Mr. Young made about

1 franchise rights that it wouldn't have done anyway
2 under the ISP agreement?

3 MR. HANEY: Objection. Asked and
4 answered.

5 You can answer.

6 THE WITNESS: No. What happened is that
7 the study has expanded to include more stores, and
8 the stores would change from the format of ISPs to
9 franchise stores.

10 BY MS. DURIE:

11 Q. Okay. Other than the study, is there
12 anything else that Roots did because of the
13 statement that Mr. Young made about future franchise
14 rights that Roots wouldn't have done anyway under
15 the ISP agreement?

16 MR. HANEY: Objection. That was asked and
17 answered earlier in the deposition.

18 THE WITNESS: Certain trips were added to
19 certain countries to explore the possibility of
20 having franchisee -- franchise stores.

21 BY MS. DURIE:

22 Q. Okay. Anything else?

23 A. No. I don't remember.

24 Q. Okay. Who prepared the study that you're
25 talking about?

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1 the study, but I don't know if Issa provided this
2 document or not.

3 Q. Do you know whether there is a written
4 document that reflects the study you're talking
5 about?

6 A. I -- all I know is that this subject was
7 discussed with Gap.

8 Q. Okay. But you don't know whether any
9 written study relating to a potential franchise
10 business was ever prepared; is that right?

11 A. I was informed that a study has been done.

12 Q. And Mr. Abu Issa told you that?

13 A. Yes.

14 Q. And that's all you know about the study;
15 is that right?

16 A. I know the discussion about the subject in
17 general, but I don't have the details.

18 Q. You said that certain trips were added to
19 certain countries relating to a possible franchise
20 arrangement. Which countries?

21 A. I'm talking about, of course, the
22 franchise Lebanon, Egypt, because this was very fast
23 to transfer the franchise business from the Gulf
24 region to the Middle East and North Africa.

25 Q. Okay. So did representatives from Roots

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1 actually travel to Lebanon to discuss a possible
2 franchise business there?

3 A. Yes.

4 Q. Okay. When?

5 A. Approximately during the same period when
6 Ron came to visit us.

7 Q. How many times did representatives from
8 Roots travel to Lebanon about the possibility of
9 selling Gap clothing in Lebanon?

10 A. Only Lebanon or in general related to the
11 Middle East?

12 Q. Lebanon.

13 A. I expect more than four times.

14 Q. Do you know how many of those trips
15 involved ISP versus franchise?

16 A. Before Ron's visit, they were related to
17 ISPs. After Ron's visit, they were related to
18 franchise rights.

19 Q. Who in Lebanon did you talk to about a
20 possible franchise business?

21 A. I didn't travel in this trip. It was
22 Ashraf and Roots who conducted this contents.

23 Q. So is it correct that you don't have any
24 firsthand knowledge of any discussions with anyone
25 in Lebanon about a possible franchise business?

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1 Q. Okay. So as far as you knew, at the time
2 that Gap was meeting with people in Lebanon about a
3 possible franchise deal, there were also still
4 discussions going on about a possible ISP deal; is
5 that right?

6 MR. HANEY: Can you read the question
7 back, please.

8 (Record read as follows:

9 "Q. So as far as you knew, at the
10 time that Gap was meeting --")

11 MS. DURIE: You know what? I'll re-ask
12 the question because I understand what his issue
13 with it is.

14 BY MS. DURIE:

15 Q. At the time that Mr. Abu Issa had these
16 discussions with folks in Lebanon about a possible
17 franchise deal, was Gap still considering an ISP
18 business in Lebanon?

19 A. I was not involved with them in any
20 details.

21 Q. So you don't know?

22 A. I don't know the details.

23 Q. Okay. You mentioned trips to Egypt and
24 North Africa as well as the trip to Lebanon. Do you
25 know whether there were ongoing discussions about a

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1 A. (In English) Yes, yes.

2 Q. Okay. Do you know whether anyone from
3 Roots saw this complaint before it was filed?

4 A. (In English) I don't know. I don't know.

5 Q. Okay. Turn to the second page of the
6 document. Somewhat confusingly, it has the
7 page "No. 1" at the bottom. And I'd like you to
8 read paragraph 6 to yourself.

9 A. (In English) Okay.

10 Q. Have you had a chance to read paragraph 6?

11 A. No. I read it.

12 Q. Do you need to have paragraph 6
13 translated?

14 A. I understood it, but if I want to make
15 sure --

16 Q. Please.

17 A. Okay.

18 Q. Is there anything in paragraph 6 of Roots'
19 complaint, Exhibit 3, that is not true?

20 A. No.

21 Q. Turn now to page 4, paragraph 22. Please
22 read that to yourself.

23 A. (In English) Yes.

24 Q. Have you had a chance to read paragraph
25 22?

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1 THE WITNESS: My understanding is this was
2 a period of transferring the business to Gabana.

3 BY MS. DURIE:

4 Q. Okay. So Solka was transferring its
5 relationship with Gap to Gabana; is that right?

6 MR. HANEY: Objection as to form.

7 THE WITNESS: I cannot determine this
8 relationship.

9 BY MS. DURIE:

10 Q. Isn't it in fact the case that Roots
11 didn't enter into a contract directly with Gap
12 because it didn't want to jump over the party who
13 had made the introduction?

14 A. At the beginning, we didn't jump over
15 anybody. We received OP. As to the project of ISP,
16 this was offered by Gap to us.

17 Q. Gabana -- strike that.

18 Gap and Roots did not enter into a written
19 ISP distribution agreement; right?

20 A. Correct.

21 Q. Gap entered into a written ISP
22 distribution agreement with Gabana; right?

23 A. Correct.

24 Q. And when you paid the \$6 million to
25 purchase the 1.7 million units of excess inventory,

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1 you knew that Gap was entering into a written ISP
2 distribution agreement with Gabana; right?

3 A. It will enter into agreement.

4 Q. Okay. And at that point in time, the idea
5 was that Gabana and Roots were then going to enter
6 into a written ISP distribution agreement; right?

7 A. Yes.

8 Q. Okay. Did you understand at the time that
9 Gabana and Gap entered into the written ISP
10 distribution agreement that the rights that Gabana
11 were receiving from Gap were exclusive?

12 A. With regards to ISP?

13 Q. Correct.

14 A. With regards to the daily transactions
15 with ISP, we were dealing with Gap. And during the
16 time at the beginning about this contractual -- or
17 these negotiations, we were receiving direct
18 instructions from Gap and having direct discussions
19 with Gap.

20 Q. Okay. But my question is: Did you
21 understand that the ISP distribution agreement
22 between Gap and Gabana was exclusive?

23 MR. HANEY: This is at what point in time?

24 THE WITNESS: Do you mean exclusive for
25 Gabana?

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1 agreement with Gap and then passed those rights on
2 to Roots; is that right?

3 MR. HANEY: Objection as to form and calls
4 for a legal conclusion.

5 THE WITNESS: How did it transfer the
6 rights?

7 BY MS. DURIE:

8 Q. Did Gabana -- did Gabana's rights under
9 the contract between Gap and Gabana really belong to
10 Roots?

11 MR. HANEY: Objection to form and calls
12 for a legal conclusion.

13 THE WITNESS: I'm not an expert on the
14 legal issues. But I am saying what rights Gabana
15 obtained, they are the same rights that Roots had.

16 BY MS. DURIE:

17 Q. Can you take a look at paragraph 24 in
18 Exhibit 3.

19 A. Is this the one you are referring to on
20 page 4 (indicating)?

21 Q. Yes.

22 THE INTERPRETER: Mr. Al-Thani would like
23 the interpreter to read it to him.

24 MS. DURIE: Please.

25 THE WITNESS: (In English) Okay.

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1 BY MS. DURIE:

2 Q. Is paragraph 24 true?

3 A. Yeah. It happened.

4 MS. DURIE: Do you want to break for
5 lunch?

6 MR. HANEY: Sure.

7 THE VIDEOGRAPHER: Off the record. The
8 time is 12:36 p.m.

9 (Whereupon, lunch recess taken from
10 12:36 p.m. until 1:51 p.m.)

11 THE VIDEOGRAPHER: On the record. The
12 time is 1:51 p.m. Please continue.

13 MS. DURIE: Let me have marked as
14 Exhibit 5 a copy of the Gap, Inc. Excess Inventory
15 Program Distributor License Agreement dated May 28,
16 2003.

17 (Whereupon Exhibit 5 was marked for
18 identification.)

19 MR. HANEY: Just for the record, this says
20 Gap, Inc. Excess Inventory Program Distributor
21 License Agreement?

22 MS. DURIE: Correct.

23 BY MS. DURIE:

24 Q. Mr. Al-Thani, have you ever seen what has
25 been marked as Exhibit 5 before?

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1 calls about the negotiation of the ISP agreement?

2 MR. HANEY: The ISP agreement between
3 whom?

4 MS. DURIE: Any ISP agreement.

5 THE WITNESS: I don't understand.

6 BY MS. DURIE:

7 Q. Okay. Before the May 13th, 2003 ISP
8 agreement was signed, did you have any telephone
9 calls with anyone about an ISP agreement relating to
10 Roots?

11 THE INTERPRETER: Relating to what?

12 MS. DURIE: Roots.

13 MR. HANEY: Objection as to form.

14 THE WITNESS: It happened only at the
15 meeting with Gap.

16 BY MS. DURIE:

17 Q. When you say "the meeting with Gap," are
18 you referring to the meeting in June of 2003?

19 A. No. The meeting that happened in Qatar
20 regarding the communication with Gap.

21 Q. And the meeting that happened in Qatar is
22 the one with yourself, Mr. Abu Issa, Mr. Fabre and
23 Mr. Larsen; is that right?

24 A. (In English) And Mr. El Sokary.

25 Q. And Mr. El Sokary. Sorry.

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1 Prior to May 13th, 2003, had you spoken
2 directly to anyone at Gap?

3 A. After?

4 Q. Before.

5 A. It happened with Jim Bell.

6 Q. Okay. When did you speak with Mr. Bell?

7 A. On the same day the conference happened.

8 Q. Okay. Was Mr. Bell on the speaker phone,
9 or were you the only one having a conversation with
10 him?

11 A. At the beginning, it was a personal
12 conversation. Then after that, he was on the
13 speaker.

14 Q. And this conversation with Mr. Bell took
15 place before the May 13th, 2003 agreement was
16 signed; right?

17 MR. HANEY: Objection. That's what he's
18 testified. Asked and answered.

19 THE WITNESS: Yes.

20 BY MS. DURIE:

21 Q. What did Mr. Bell say during that
22 telephone call?

23 A. He agreed to give us that territory for
24 the ISP in exchange for 1,700,000 pieces.

25 Q. Do you remember anything else that

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1 Mr. Bell said during that telephone call?

2 A. We discussed the price per piece.

3 Q. What was discussed about the price per
4 piece?

5 A. To try to reduce the price because it was
6 invalid.

7 Q. Did you succeed in reducing the price?

8 A. We paid the required amount in exchange
9 for the ISP so that we can cover our profits later.

10 Q. Do you remember anything else about
11 anything Mr. Bell said during this telephone call?

12 A. No.

13 Q. At the end of that telephone call, did you
14 think that you had a binding contract with Gap for
15 ISP distribution rights?

16 A. I don't understand.

17 Q. What don't you understand?

18 A. What do you mean by "binding contract"?

19 Q. At the end of the telephone conversation
20 with Mr. Bell, did you think that you had a legally
21 enforceable contract with Gap regarding ISP
22 distribution rights?

23 MR. HANEY: Objection. Calls for a legal
24 conclusion.

25 You can answer.

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1 discussions he was involved with.

2 Q. Okay. Now, when you refer to the
3 negotiations between yourself and Mr. Bell, are you
4 referring to the telephone call that took place
5 during the meeting in Qatar in which yourself,
6 Mr. Larsen, Mr. Fabre, Mr. El Sokary and Mr. Abu
7 Issa were present?

8 A. Discussion with whom? I don't understand.
9 What's the idea behind the subject?

10 Q. Okay. I'm asking you about the contract
11 negotiation that you say took place between yourself
12 and Mr. Bell.

13 A. I told you about what happened exactly.

14 Q. Okay. So the only discussion that you had
15 with Mr. Bell in which you think you negotiated this
16 contract between Gap and Roots was the one telephone
17 conversation that took place when you were in Qatar
18 at this meeting with Mr. Larsen, Mr. Fabre, Mr. Abu
19 Issa and Mr. El Sokary; is that right?

20 MR. HANEY: Objection. Lacks foundation.
21 Asked and answered.

22 THE INTERPRETER: Without interpretation,
23 "This was the basic, but the other issues were
24 completed through Ashraf."

25 BY MS. DURIE:

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1 Q. Okay. Tell me all of the terms of the
2 contract that you and Mr. Bell negotiated.

3 A. I told her.

4 Q. Okay. Go ahead. You can tell me again.

5 THE INTERPRETER: Without interpretation,
6 "This is exactly what happened regarding the main
7 issues. I told her about them."

8 BY MS. DURIE:

9 Q. You can tell me again.

10 MR. HANEY: Objection. Asked and
11 answered.

12 THE WITNESS: As I said at the beginning,
13 there was an agreement. There was an offer to give
14 us all the territories of the Arab-speaking world in
15 exchange for 1.7 million pieces with the ISP
16 contract.

17 BY MS. DURIE:

18 Q. Did you discuss during this conversation
19 with Mr. Bell how long the agreement would last?

20 A. Of course, at the beginning, the subject
21 was difficult because the amount was big. The
22 amount of the merchandise was big, 1.7 million
23 pieces. We couldn't take 1.7 million pieces because
24 the region couldn't handle such a huge amount. He
25 told us he would give us the whole Arab-speaking

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1 countries as the territories, so that would be in
2 return for the ISP. Of course, this would have
3 required a long time to be able to cover the whole
4 region.

5 Q. Did you discuss with Mr. Bell what the
6 duration of the ISP agreement would be?

7 A. The conversation that happened was related
8 to the big volume, and that volume would require a
9 long period of time.

10 Q. Did you and Mr. Bell reach an agreement on
11 what the duration of the ISP contract would be?

12 MR. HANEY: And this is still in the
13 initial conversation about ISP?

14 THE WITNESS: No.

15 BY MS. DURIE:

16 Q. Okay. Did you and Mr. Bell ever reach
17 agreement on what the duration of the ISP contract
18 would be?

19 A. I didn't continue the discussion with him
20 about that subject.

21 Q. Okay. Did you and Mr. Bell discuss the
22 situations under which the ISP agreement could be
23 terminated?

24 A. No.

25 Q. Did you and Mr. Bell discuss whether Gap

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1 would have the right to approve proposed retail
2 locations for ISP merchandise?

3 A. No.

4 Q. Did you and Mr. Bell discuss whether Roots
5 would be subject to any restrictions on how it could
6 advertise Gap merchandise?

7 A. No.

8 Q. Did you and Mr. Bell discuss how prices
9 for Gap ISP merchandise be set?

10 A. No.

11 Q. Did you and Mr. Bell discuss whether there
12 would be any restrictions on Roots' use of the Gap
13 trademark?

14 A. No.

15 Q. Did you and Mr. Bell discuss whether there
16 would be any minimum quantity of sales under the ISP
17 agreement?

18 A. No.

19 Q. Did you and Mr. Bell discuss how Roots
20 would pay for ISP merchandise?

21 A. No.

22 Q. How many conversations did you have with
23 Mr. Bell about an ISP contract?

24 A. The first time regarding this agreement
25 was done by phone, a conference call. After that I

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1 territories that we had regarding the franchise, and
2 we could reach an agreement regarding less
3 territory, but because of the then-existing problem
4 with Gabana, we need time.

5 And after that, there was a contact to the
6 attorney.

7 BY MS. DURIE:

8 Q. At the time of this telephone conversation
9 with Mr. Young, was Mr. Larsen still the CEO of
10 Roots?

11 A. In actuality, no. But there were
12 problems, and the relationship has terminated.

13 Q. Did Mr. Young ask you not to sue Gap?

14 A. There was a communication with the
15 attorney regarding the subject.

16 Q. Were you -- did you participate in that
17 communication?

18 A. There was an initial discussion with me
19 about the subject of having less territory, and that
20 discussion was continued with the attorney.

21 Q. So you yourself didn't have any discussion
22 with Mr. Young about whether or not Roots would sue
23 Gap; is that right?

24 A. At the beginning, we discussed the issue
25 that Francois was going to file the suit and that

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1 the problem was with Francois, not with us. With
2 Gabana, not with Roots. And he said because Roots
3 didn't file a suit against Gap, we could reach an
4 agreement about the territory.

5 Q. Did Mr. Young ask you for an explanation
6 of the relationship between Roots and Gabana?

7 A. Yes.

8 Q. What did you tell him?

9 THE INTERPRETER: Interpreter's
10 clarification. Excuse me. There is a confusion
11 about the statements. I would like the deponent to
12 repeat what he said from the beginning.

13 THE WITNESS: Gap requested to reduce the
14 number of the companies, Roots and Gabana and RSH.
15 And based on that, Gabana and Roots agreed to merge.
16 And as a third step, RSH would enter. And based on
17 that, we started the merging operation. And Ron
18 knew about that because this was his request to
19 Francois.

20 BY MS. DURIE:

21 Q. So at some point in time, Gabana, Roots
22 and RSH all agreed to merge; is that right?

23 A. Yes, they agreed to merge.

24 Q. Did Gabana, Roots and RSH merge?

25 A. The steps to merge started, but then there

CERTIFICATE OF REPORTER

I, JANIS L. JENNINGS, a Certified Shorthand Reporter of the State of California, do hereby certify:


That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were placed under oath; that a verbatim record of the proceedings was made by me using machine shorthand which was thereafter transcribed under my direction; further, that the foregoing is an accurate transcription thereof.

I further certify that I am neither financially interested in the action nor a relative or employee of any attorney of any of the parties.

IN WITNESS WHEREOF, I have this date subscribed my name.

Dated:

June 16th, 2008


JANIS JENNINGS
CSR NO. 3942